

Message Text

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FM AMEMBASSY NEW DELHI

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PASS TREASURY AND FEDERAL RESERVE

E.O. 11/42: N/A

TAGS: EFIN, IN

SUBJECT: INDIA'S FOREIGN EXCHANGE RESERVES

REF: NEW DELHI 2578

SUMMARY. INDIA'S FOREIGN EXCHANGE RESERVES WERE DOLS 1,170 MILLION AT END-JANUARY 6/74 AND ARE ESTIMATED BY EMBASSY TO BE DOLS 1,430 MILLION AT END-MARCH. END SUMMARY.

1. OFFICIAL INDIAN DATA ON RESERVES FOR THE MONTH OF JANUARY, 1974 SHOW RESERVE BANK OF INDIA (RBI) HOLDINGS OF FOREIGN EXCHANGE OF RS 3.39 BILLION (DOLS 402 MILLION BASED ON AVERAGE DOLLAR-STERLING CROSS RATE ON LONDON MARKET IN JANUARY OF RS 8.44 EQUAL DOLS 1.00). OTHER COMPONENTS WERE: (A) RS 736 MILLION (DOLS 87 MILLION) IN FOREIGN EXCHANGE HOLDINGS OF THE GOI; AND (B) RS 1.83 BILLION IN GOLD (DOLS 293 MILLION VALUED AT DOLS 42.22 AN OUNCE). ACCORDING TO APRIL 1974 INTERNATIONAL FINANCIAL STATISTICS (IFS), INDIA'S SDR HOLDINGS AT END-JANUARY WERE DOLS 296 MILLION AND GOLD TRANCHE POSITION LIMITED OFFICIAL USE

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(DOLS 92 MILLION, TOTAL RESERVES AT END-JANUARY THUS TOTALLED

DOLS 1,170 MILLION.

2. ONLY INCOMPLETE DATA AVAILABLE PAST JANUARY. ACCORDING TO THE RBI'S LATEST WEEKLY BALANCE SHEET, THE RBI ON MARCH 29, 1974 AND FOREIGN EXCHANGE HOLDINGS OF RS 5.30 BILLION (DOLS 658 MILLION BASED ON AVERAGE DOLLAR-STERLING CROSS RATE IN LONDON DURING MARCH OF RS 8.05 EQUAL DOLS 1.00). ITS GOLD HOLDINGS CONTINUED TO BE RS. 1.83 BILLION (DOLS 293 MILLION). INDIA'S SDRS WERE DOLS 296 MILLION AND GOLD TRANCHE POSITION IN THE FUND DOLS 92 MILLION AT END OF FEBRUARY 1974, ACCORDING TO IFS.

3. ASSUMING NO CHANGE IN SDRS AND GOLD TRANCHE POSITION SINCE END- FEBRUARY AND NO CHANGE IN GOI (AS OPPOSED TO RBI) HOLDINGS OF FOREIGN EXCHANGE ABROAD SINCE JANUARY, INDIA'S TOTAL RESERVES AT END-MARCH, INCLUDING DOLS 75 MILLION DRAWING UNDER THE IMF'S COMPENSATORY FINANCING FACILITY ARE ESTIMATED BY EMBASSY AT DOLS 1,430 MILLION. INDIA'S RESERVES ON MARCH 31, 1973 WERE DOLS 1,311 MILLION.
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